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The New School

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**New York City Council Education Committee
Budget and Oversight Hearings on the Preliminary Budget for FY 2025
Honorable Rita Joseph, Chair**

March 18, 2024

Testimony of InsideSchools

Good evening and thank you Chair Joseph and members of the Education Committee for the opportunity to speak today on the City's FY2025 Preliminary Budget. My name is Natasha Quiroga and I am the Director of Education Policy and InsideSchools at The New School's Center for New York City Affairs. For twenty years, [InsideSchools](#) has served as a vital resource for millions of families throughout their children's public school education by serving as the one-stop-shop where New York City families can better understand New York City public schools. InsideSchools provides families with resources and support to make informed decisions and advocate for their children's education.

Today, I would like to highlight the need for 3K programs, especially amongst families served by InsideSchools who struggle to find childcare or early childhood opportunities. Our video explaining early childhood options has been viewed over 1,300 times and is one of our top videos. Approximately 16% of questions families ask us through our platforms are about 3K.

Since last summer, we have been providing workshops in shelters to over 500 newly arrived migrant families living in temporary housing. Approximately 17% of these children are 3 years old and 12% are younger than 3 - almost a third of all children whose parents have participated in our workshops. Most families had no idea 3K existed and many didn't know that their children born in 2021 had to apply for a 3K spot. If they did know about 3K, they were at a loss for how to enroll and find 3K options. We facilitated workshops in DHS shelters with no service providers and were able to help families who kept missing the shelter-based coordinator. We helped families apply for 3K in time for the March 1st deadline. Before and after the deadline, we worked with families to find childcare options and helped others get their children on 3K waitlists since there were limited available spots.

Last summer, DOE Family Welcome Centers were not providing assistance to families needing help with 3K or pre-K enrollment. At that time, families had only one option: contact a 3K program directly to find out if they had available space. With pushback from advocates, the Family Welcome Centers eventually began assisting families. But staff at Family Welcome Centers had varied and limited knowledge of 3K options. Appointments were also difficult to obtain, with some families waiting hours in line just to get inside the office. Adding to the challenge, there are insufficient shelter-based coordinators to support the overwhelming number of shelters and families in need. One child was placed in the closest available 3K slot to the shelter where she lived. Her mother must wake her up two hours early for the 40 minute subway ride to get to her preschool by 8AM. Another father resorted to walking around his neighborhood

looking for 3K programs and waited hours before someone could show him how to sign up for their program.

We recommend the City Council ensure there is sufficient funding in the budget for the City and the Department of Education to do the following:

- Fully restore funding to 3K and pre-K programs;
- Invest in increased and effective outreach and enrollment to families, especially to limited English proficient and digitally disconnected families thru funding organizations with the expertise to support these efforts;
- Expand the Promise NYC child care voucher program to at least \$20M to continue providing child care to the youngest immigrant children who are not eligible for other forms of child care vouchers.

As confirmed by my colleague and city budget expert George Sweeting, the city has enough tax revenue to avoid the planned \$170 million 3-K cuts. The city's fiscal condition has improved thanks to higher than expected tax revenue, lower than anticipated migrant costs, and a temporary hiring freeze.

Research demonstrates that early childhood programs positively impact a child's development and academic performance. Beyond these academic and social benefits, families are desperate for 3K options in order to foster their own economic growth. Several mothers lost their jobs or missed out on employment offers because they couldn't afford childcare or find a 3K program. These stories highlight the widespread need for early childhood programs in NYC. Cutting 3K funding would deny thousands of families, particularly the most vulnerable, access to the many benefits of early childhood programs.

Thank you for the opportunity to share these experiences with you and for your interest and support of children, youth, and families in New York City.

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Testimony of Economic and Fiscal Policies

Good afternoon and thank you Chair Joseph and the Education Committee for the opportunity to speak today on the City's FY2025 Preliminary Budget. My name is Lauren Melodia, and I am the Deputy Director of Economic and Fiscal Policies at The New School's Center for New York City Affairs. We conduct independent economic and fiscal analysis to build better livelihoods for workers, families and communities in New York City.

We've already heard a lot today about the important services the 3-K program provides to families and young children. Surveys conducted of parents by Citizens' Committee for Children clearly point to lack of information, rather than lack of demand, for under-utilized 3-K seats. The impact of Covid and budget cuts to the 3-K program starting as early as November 2022, has resulted in 3-K never having the marketing push that Pre-K had. It's not surprising, then, that it has lower enrollment. However, this points to the need for better communication and outreach by the City to parents navigating the registration process, not another round of budget cuts and confusion about the future of 3-K.

According to my colleague George Sweeting, former Deputy Director at the NYC Independent Budget Office, the City has enough tax revenue to avoid the planned \$170 million 3-K cuts included in the Preliminary Budget. OMB's forecast for the city's fiscal outlook has improved since last November thanks to higher than expected tax revenue, lower than anticipated migrant costs, and previously imposed budget cuts. The outlook from most fiscal monitors point to even stronger revenues than OMB has projected for fiscal years 2025 and beyond.

The budget the City adopted in June for Fiscal Year 2024 included \$776 million in DOE spending using Federal funds that will not be available in Fiscal Year 2025. Only \$92 million of that is for the continued partial expansion of the 3-K program, but the preliminary budget does not include funding to replace the expired federal funding for 3K in 2025 through 2027.¹ Keeping 3-K running at current levels in Fiscal Year 2025 will require City Hall to fill the funding gap with new City revenue or by reallocating dollars from elsewhere in the budget. If necessary, there are revenue actions available the City could take to raise that amount.

Moreover, it's time for the City to swing the pendulum away from talking about budget cuts, in light of federal pandemic funds ending, and back towards planning for a fully funded, universally early care and education system. There are gaps with the existing programs that will require additional funding. I'll draw your attention to one my research is focused on: early care educators wages and benefits. In 2021, the median home-based child care provider in NYC made \$10.61—more than \$4 less per hour than the minimum hourly wage at that time.² This estimate includes home-based child care providers who have DOE contracts to provide 3-K programming. Current DOE contracts to these providers pay them the state-determined regional “market rate,” which is determined through a flawed methodology that determines prices based on what parents can pay for child care in the private market, not what it costs to run a 3-K program. The City's current contracts pay home-based providers the same flat rate if they are providing service for

¹ George Sweeting, “Caught Between a PEG and a Cliff, How Much Will Education Programs Shrink?” (Center for NYC Affairs, December 3, 2023),

<https://www.centernyc.org/urban-matters-2/caught-between-a-peg-and-a-cliff-how-much-will-education-programs-shrink>.

² Lauren Melodia, “High Calling, Low Wages: Home-Based Early Care and Education Providers in New York City,” (Center for NYC Affairs, September 2023),

<https://www.centernyc.org/reports-briefs/high-calling-low-wages-home-based-early-care-and-education-providers-in-new-york-city>.

the school day or extended day, which puts further downward pressure on their hourly take-home pay.

Furthermore, successful organizing and union bargaining in 2019, with the support of then Mayor de Blasio and the City Council, resulted in a critical budget agreement to bring center-based Pre-K teachers' salaries to parity with starting salaries for public Pre-K teachers. A recent audit by NYC Comptroller Lander finds salary disparities regarding the 2019 agreement continue to exist and estimates that the City would need to allocate an additional \$41.6 million per year to meet the existing parity agreement.³ There are also ongoing negotiations to further pay parity in the field, which is critical for retaining 3-K and Pre-K programs in centers, where the majority of seats are located.

These are just two examples where the City should anticipate permanently investing more money in early care and education. Former Mayor de Blasio initially proposed funding the Universal Pre-K program for four-year-olds through a city income tax increase. Ultimately, the State provided the necessary funding, obviating the need to raise the tax. However, City Comptroller Lander has suggested the City might have to consider raising taxes on high-income residents. My colleagues James Parrott and George Sweeting have suggested a similar proposal if the city were facing major fiscal shortfalls, particularly if the alternative is deep across-the-board budget cuts. The City's income tax is currently not very progressive, with the top bracket beginning at \$90,000 for a married couple. To generate roughly \$1 billion in new revenue, the City could add two new high-income tax brackets of \$1 million to \$5 million and \$5 million and up, with rates of 4.2 percent and 4.4 percent, respectively.⁴

Due to the successful provision of universal Pre-K, New York City has become a national leader in early care and education at a time when the nation is truly facing a child care affordability crisis. Parents cannot afford child care. Early care and education workers cannot afford to work in the industry. 3-K fills an important need at a time when these problems have yet to be comprehensively addressed, making it possible for many young families to plan for and raise their children in NYC. Instead, the City's widely publicized 3-K cuts are affecting the out-migration of moderate- and middle-income families. As a national leader, the City has already built the experience and infrastructure to solve the child care affordability crisis here in the city. There is certainly room for improvement. City Council's protection of the 3-K program from more budget cuts is a critical start.

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³ Brad Lander. "Review of Salaries Paid to Certified Early Childhood Teachers Hired by Community Based Organizations," (NYC Comptroller, March 5, 2024), <https://comptroller.nyc.gov/reports/review-of-salaries-paid-to-certified-early-childhood-teachers-hired-by-community-based-or-ganizations/>.

⁴ James Parrott and George Sweeting, "New York's 2024 Economic and Budget Outlook: Post-Pandemic Reckoning for the City and the State," (Center for NYC Affairs, January 11, 2024), <https://www.centrernyc.org/reports-briefs/new-yorks-2024-economic-and-budget-outlook-post-pandemic-reckoning-for-the-city-and-the-state>.